(D) REMARKS, DRAWING AMENDMENTS

RESPONSE TO REJECTION UNDER SEC. 102

The issue is whether Martin et al. anticipates the present application.

The law is clear. A valid rejection on the ground of anticipation requires the disclosure in a single prior art reference of each element of the claim under consideration. Soundscriber Corp. v. U.S., 148 USPQ 298, 301 (1966); In re Donohue, 226 USPQ 619, 621 (Fed. Cir. 1985).

Martin et al. describes an

> "AUTOMATED *DEBT PAYMENT* SYSTEM AND METHOD USING *ATM* NETWORK."
> Title, emphases added.

It is, again in Martin's own words,

> "An electronic *funds transfer* methodology for providing access to a plurality of non-bank *loan payment* processors (loan servicers) through established ATM (automated teller machine) networks, thereby creating *a payment system* designed to allow a consumer to initiate an electronic *transfer of funds* from a primary bank transaction account (e.g., checking account, savings account) to a loan servicer to satisfy an *outstanding consumer debt or payment of an obligation.*" Abstract, first sentence, emphases added.

Each independent claim of Martin is to "debt payment ...using an ATM network..." (Cl. 1, 4, 5), or "making a payment on one consumer debt obligation...using an ATM network...." (Cl. 8). This is unrelated to the "real estate escrow" processes of the present invention, described in more depth previously in response to this reference and hereinbelow.

It is also to be noted that "ATM NETWORK" is defined as a special network by Martin et al. at col. 1: starting at line 17,

> "These networks are *specialized digital packet networks* that communicate with various ATM transaction processors and service providers using standard message protocols developed by ANSI and others. A more-or-less standard, generic *ATM interface* has developed in the banking industry, making it relatively easy for a consumer to use any

ATM n any *ATM network* once he has learn d how to interact with this more-or-less standard interface." Emphases added. (Those specialized protocols are cited at col. 15: ll. 55-58.)

This is not, as in the present invention, the Internet using client-server software such as Microsoft Internet Explorer™, Netscape™, and the like

FIG. 2 of Martin et al. "shows a block diagram of the present invention illustrating the transactions that occur *during the process of a debt obligation payment in accordance with the present invention.*" Emphasis added. Note particularly that it requires a "3rd Party Loan Payment Facilitator" 26 and a "Loan Servicer" 24. See also Martin FIG. 4, 402, FIG. 5, 500, FIG. 6, 608-612. These types of parties are not involved in a real estate escrow and this is unrelated to the "real estate escrow" processes of the present invention, described in more depth previously in response to this reference and hereinbelow.

FIG. 3 of Martin et al. "shows a flowchart illustrating the process of a *debt obligation payment.* . .." The "User selects option to make loan payment and enters information to identify loan payment and amount." 304. Again, this is unrelated to the "real estate escrow" processes of the present invention, described in more depth previously in response to this reference and hereinbelow.

Applicant's Invention Is Unrelated to Debt Payment

In many states, such as New York and New Jersey, to accomplish the transfer of real property from one current owner, the Seller, to a succeed owner, the Buyer, requires the use of attorneys by each party transfer. In many states, such as California and Washington, rather than the use of attorney offices and services, the transfer of real property between a Seller and Buyer requires the use of "escrow companies," e.g. Central Escrow, Inc., Exhibit A hereto, or applicant's own company EZESCROW, and "title companies," e.g., Gateway Title Company, Exhibit B hereto,. Such escrow companies and title companies are not lending institutions just as law firms are not lending institutions. At the most, an escrow company will track any

borrowing-lending arrangem nts instituted by th Buyer with a bank, savings and loan, mortgage broker, or the like, if and when the Buyer seeks a mortgage to finance the transaction.

First, the Office admits at Page 7 of the Action starting at about line 2,

> "It is not simply an ATM machine *to conduct banking transaction* but an *ATM network path* that is used to facilitate *debt payment*: in this case mortgage." Emphases added.

Yet, applicant's invention has nothing to do with an ATM, a specialized network path, nor a debt payment such as a mortgage payment. The arguments previously filed by applicant explaining that such are *post* real estate escrow procedures is incorporated herein by reference in its entirety.

In other words, the Office argues throughout an as a fundamental tenet of the bases for rejection that Martin's processes are the same technically and under the law as a "real estate escrow." E.g., Action, para. 3. No such equivalency can be sustained. As shown by the accompanying EXHIBITS of real-world real estate escrow processes, and as well known in all states such as California and Washington where real estate escrow companies operate, ***there is no loan payment nor consumer debt nor mortgage obligation until a real estate escrow is closed.***

Attached as EXHIBIT A is a flow chart by Central Escrow, Inc., showing the "Life of an Escrow." Note carefully that is not until the penultimate step and clearly after "CLOSE FILE" that there is a step of payment, "DISBURSE FUNDS." Escrow file is closed. The "real estate escrow" process has at least all of the steps above this penultimate flow chart step. Attached as EXHIBIT B is a flyer by Gateway Title Company. Note that in the center column under "The Escrow Officer" it is the ultimate step where debt payment occurs, and this is under "Closes the escrow by...". Also note that this is optional versus cash: "The Lender (When Applicable)."

It is simply impossible to conclude that a real estate escrow process as evidenced by these EXHIBITS and known to persons skilled in the art is the equivalent in any way to Martin's "debt payment" by "ATM" processes over a "specialized ATM network." The Office itself admits

Martin et al. is "...an ATM network path that is used *to facilitate debt payment*: in this case mortgage," supra.

Further, and perhaps most telling of the Response to Arguments is the statement by the Office that,

> "As indicated by the Applicant, Examiner relied upon table 1 column 14 as a rationale for the rejection." See, Response to Arguments, page 7, about line 6.

Only in Column 13, line 47-50 and Column 14, lines 8-13 is the word "Escrow" used anywhere in Martin et al.; they read in their entirety:

"Outstanding Escrow Reserve Balance	Current amount paid by the *borrower* and held in escrow reserve by the servicer for the *future payment of real estate taxes, insurance*, etc.
* * *	
Current Escrow Tax *Owed*	Amount of *payment* that will be applied to local property taxes managed by servicer, if any
Current Escrow Insurance *Owed*	Amount of *payment* that will be applied to payment premium on *homeowners insurance* managed by servicer, if any"

Emphases added.

Such "impounds" are well known in the art as required payment amounts to the lender or via the lender's servicer in excess of a mortgage amortization payment when a real estate down payment was low or the borrower's credit was poor. Martin's use of the misnomers "escrow reserve," "escrow tax" "escrow insurance" for these "impounds" in fact evidences his lack of knowledge of even the basics of real estate escrow processes. Martin's own words in fact mean that a real estate escrow has closed. In a real estate escrow, there is no indebted "borrower" until all loan documents are executed at close of escrow; note also that this is for "future payment;" again, it must be post-closing of a real estate escrow. It is self-evident and

definitional that no "local property tax s" are owed by the buyer until cl se of a real estate escrow. Similarly no "homeowners insurance" is owed by the buyer until close of a real estate escrow because he has no title interest to insure: title to the property in escrow has not passed to the buyer until it is recorded with the County Recorder which also happens at the end of a real estate escrow. No payments are made on such taxes and insurance "impounds" are started until close of a real estate escrow. Returning to the Office's own statement at Page 7, about line 4, supra, there is no "mortgage" payment until after close of escrow.

It can not be more clear than from Martin's own words that he is in fact not considering anything but "automated debt payment system and method using ATM network" which *by definition* excludes real estate escrow processes where funding and payment first occurs in closing the escrow itself. No interpretation is necessary to reach a valid conclusion that Martin et al. in fact speaks for itself in providing evidence *against* their having considered the complex processes and multiparty needs (as shown by applicants FIGURE, the real estate escrow process involves many parties, not just a debtor paying a lender which is a requisite feature Martin et al.) in real estate escrow processes.

Applicant's Pending Claims

Turning to the specific claims remaining in the present application, again, the law is clear. The absence from a reference of any claimed element negates anticipation. Kloster Speedsteel AB v. Crucible Inc., 793 F.2d 1565, 230 USPQ 81 (Fed.Cir. 1986).

If by any stretch of the imagination could Martin et al. be considered relevant to real estate escrow processes, *arguendo*, nowhere are the elements ". . .on-line entry and transmission of escrow *initiation*, escrow *instructions*, escrow *status tracking*, and escrow *consummation* between the server party and the client party" as added to amended claim 4 from claim 5 in the present application ever mentioned in Martin et al. Each of these multiparty, subprocesses require input data from the buyer and seller as to step-by-step specifics of how the transfer of the piece of real property from the buyer to the seller. Clearly, these subprocesses can not be implemented by an ATM . How, for example, could one use an

ATM to learn the status of an escrow officer's or title company's s arch of the County Recorder's office as to the chain of title of a specific plot of land? It can not. How can one generate "escrow instructions" using an ATM. They can not. These are just two of the many escrow tasks prior to the execution of documents and close of escrow as shown by the present application and indeed by the EXHIBITS filed herewith. Therefore Martin et al. cannot stand the test of the law, supra. The Martin et al. patent makes no such disclosure. If the Examiner still disagrees, applicant requests specific column and line numbers of the reference which disclose these elements of claim 4.

Regarding applicant's claim 15, and again by an *arguendo* stretch of the imagination to force Martin et al. to be relevant to real estate escrow processes, note that it is only the very last element listed by present applicant, the ". . .DIGITAL TRANSFER OF ESCROW FUNDS. . ." to which Martin et al. has allegedly provided a solution. Note that in the real world this is a payout of the escrow holder which is neither a lender, a borrower, a loan servicer, a bank, nor the like, within the common dictionary meaning of those terms or as those terms are used in the art.

A dependent claim includes all the limitations of the claim from which it depends and, as such, makes specific that which was general. 35 U.S.C. 112; 37 C.F.R. Sec. 1.75(c); Allen Group, Inc. V. Nu-Star, Inc., 197 USPQ 849 (7th Cir. 1978); Ex parte Hansen, 99 USPQ 319 (Pat. Off. Bd. App. 1953). Dependent claims are non-obvious if the independent claims from which they depend are non-obvious. In re Fine, 5 USPQ2d 1596, 1600 (Fed. Cir. 1988); *see also* Hartness International, Inc. V. Simplimatic Engineering Co., 2 USPQ2d 1826, 1831 (Fed. Cir. (1987) to the same effect re novelty). Thus, allowance of a base claim as patentable normally results in allowance of a claim dependent upon that claim.

It is respectfully requested that the rejections be withdrawn.

Additional Legal Argument Response

A reference does not provide evidence of lack of novelty merely by using the same words. An "apple" does not anticipate an "orange" just because it can also be described as being "round,

having an outer skin, and a juicy, pulpy core." A "specialized digital package network," supra, does not anticipate the ubiquitous Internet. An "ATM" is not a PC; it is merely an "interface" to the "specialized digital package network." A "loan servicer" is not an "escrow agent." "Debt payment" is not, and has virtually nothing to do with, "real estate escrow" processes.

Martin et al. mention "mortgage" only as one type of consumer "debt" which requires a series of payments. Col. 4: line 46; col. 6: ll. 38-53; col. 7-14; and col. 8: ll.5-6. Martin et al. misuse the term of art "Escrow" in alluding to "impounds" which are another form of debt payment. Col. 13: l. 48 and col. 14, lines 9, 16. These are all and the only references to specific parts of real estate law and commerce. Nonetheless, as argued above and in prior responses, in using these terms, the Martin et al. patent relates only to post-escrow payments. Yet the Action alleges that these types of debts and the "impounds" described above make Martin et al. anticipatory of applicants escrow processes. This force fit of "apples and oranges" is tortuous *per se*.

The law is clear. Hindsight reasoning using the invention for which a patent is sought as a template is impermissible. Texas Instruments, Inc. v. ITC, 26 USPQ2d 1018 (CA FC 1993). It would appear from this application's file wrapper history itself that the Office is in fact not keeping to the spirit of the Texas Instruments holding. Each Action is progressively seeking new references against applicant's invention and attempting to force fit similar language from references into applicants' mold based on the present application and the prior arguments filed in support of allowance. This alone is hindsight. Moreover, the very practice of structuring grounds for rejection by simply repeating applicants' claim language and then merely sticking column and line citations of a reference therein is *de facto* use of the application as a "template." With respect to any further rejections which may issue against this application, unless a citation to column/line(s) of a reference is an exactly identical element to the present application where there can be no ambiguity as to identity of actual structure, function, way and result - - e.g., where a claim element is a "computer keyboard" and the reference "col. 10: ll. 10" has a "computer keyboard" – applicants' respectfully request that each further rejections quote the specific language from the reference alleged to equate to each claimed element so

rejected. In this manner the applicant will not b required to inf r from a simple cite of "col. N; line –..." what the Office is inferring.

It is respectfully requested that the rejections be withdrawn on this ground.

SUMMARY AND CONCLUSION

Real world real estate escrow transaction processes are not "debt payments." There is no due and owing debt until after escrow. Martin et al. by his own words is a "debt payment" scheme. Martin et al. by his own words provides no evidence to support the bases asserted to the contrary by the Office under Sec. 102. In fact, there is not even the slightest hint that the problem of handling the complicated, multi-party processes of real estate escrow transactions in the manner of the present invention was considered by Martin et al. in providing their "automated debt payment system and method using ATM network." The reference holds no weight in supporting the Office's interpretation. Neither is it up to the Office to interpret nor extrapolate a reference against its ordinary disclosure and use of terms. All Martin's process, procedures, highly specialized network apparatus, and the rest only applies to debt payment which is downstream of a real estate escrow procedure. The reference is not anticipatory or even relevant.

Based upon the foregoing, it is submitted that the application now presents claims which are directed to novel, unobvious and distinct features of the present invention which are an advancement to the state of the art. Reconsideration and allowance of all claims is respectfully requested. The right is expressly reserved to reassert any and all arguments, including the raising of new arguments, and the filing of appropriate continuing procedures at the USPTO, should a Notice of Allowance not be forthcoming. At this After Final stage and to advance prosecution, applicant will not belabor the points on each argument proffered in the Final Office Action, however, applicant specifically reserves the right to argue each paragraph 1-15 of the present Action on a point-by-point basis in support of any continuing procedures at the USPTO.

Qu stions or suggestions that will advance the case to allowance may be direct d to the undersigned by teleconference at the Examiner's convenience.

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Respectfully submitted,

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